

Message Text

CONFIDENTIAL

PAGE 01 BRASIL 07372 01 OF 02 232029Z

64

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 COME-00 IO-13

SP-02 USIA-06 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 PRS-01 L-03 H-02 /098 W
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R 231930Z AUG 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7466

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY LA PAZ

AMEMBASSY BOGOTA

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY KINGSTON

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY ASUNCION

AMEMBASSY LIMA

AMEMBASSY CARACAS

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 7372

E.O. 11652: GDS

TAGS: EPAP, PFOR, BR

SUBJECT: SUGAR--BRAZILIAN VIEWS ON GEPLACEA MEETING IN HAVANA

ISA; NEW U.S. SUGAR ACT

REF: A) BRASILIA 6339 (NOTAL), B) SAN JOSE 3896;

C) ASUNCION 3051 (NOTAL); D) PANAMA CITY 4874

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PAGE 02 BRASIL 07372 01 OF 02 232029Z

SUMMARY: FONMIN OFFICER SAID NO DECISION HAS BEEN MADE ON BRAZIL'S ATTENDANCE AT THE HAVANA GEPLACEA MEETING IN MARCH--AND THE MILITARY'S VIEWS ARE THE MAJOR ELEMENT WHICH MUST BE TAKEN INTO ACCOUNT. WERE BRAZIL NOT TO ATTEND, THE OFFICIAL SAID, MUCH OF THE LOSS COULD BE RECOUPED AT THE LONDON ISO MEETING IN APRIL. BRAZIL'S AMBASSADOR IN WASHINGTON HAS FOUND STRONG SENTIMENT IN CONGRESS FOR A NEW SUGAR ACT, BUT THE SITUATION MIGHT NOT BE CLARIFIED UNTIL PERHAPS SIX MONTHS AFTER A NEW U.S. ADMINISTRATION TAKES OFFICE. ONLY THEN, THE OFFICIAL BELIEVED, COULD REAL PROGRESS BE MADE ON DECIDING WHETHER TO TRY TO NEGOTIATE A NEW ISA. AT THIS POINT, EMBASSY'S JUDGMENT IS THAT THE BRAZILIAN MILITARY WOULD BE RELUCTANT TO LET A GOB DELEGATION GO TO HAVANA. END SUMMARY.

2. AT LUNCH WITH EMBOFF ON AUGUST 19, FONMIN'S SUGAR AFFAIRS ACTION OFFICER, FIRST SECRETARY JORIO DAUSTER, COMMENTED ON SEVERAL SUGAR TOPICS.

3. GEPLACEA MEETING IN HAVANA. DAUSTER SAID THE GOB HAS NOT YET MADE A DECISION WHETHER TO ATTEND THE GEPLACEA MEETING IN HAVANA IN MARCH. IF BRAZIL WERE TO ATTEND, HE SAID, THIS WOULD BE THE FIRST TIME THE GOB HAS SENT ANY DELEGATION TO CUBA SINCE CASTRO TOOK POWER. DAUSTER SAID HIS "IMPRESSION" WAS THAT THE BRAZILIAN MILITARY WERE STILL DISTURBED ABOUT CUBAN PRESENCE IN ANGOLA, DESPITE BRAZILIAN RECOGNITION OF THE CURRENT GOVERNMENT. AND THE RESULT IS THAT THE MILITARY'S VIEWS, ACCORDING TO DAUSTER, ARE THE MAJOR ELEMENT WHICH HAS TO BE TAKEN INTO ACCOUNT. THE FOREIGN MINISTRY, HE CLAIMED, HAS NOT YET MADE UP ITS MIND ON WHAT COURSE OF ACTION TO RECOMMEND TO THE PRESIDENT. DAUSTER SPECULATED THAT THE DECISION WOULD NOT COME BEFORE BRAZIL'S MUNICIPAL ELECTIONS IN NOVEMBER.

4. DAUSTER OPINED THAT BRAZIL'S NON-ATTENDANCE
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PAGE 03 BRASIL 07372 01 OF 02 232029Z

AT THE HAVANA MEETING COULD HAVE A SIGNIFICANT IMPACT ON GEPLACEA PROGRESS AND ON THE COORDINATION OF GEPLACEA VIEWS IN PREPARATION FOR THE ISO MEETING IN LONDON IN APRIL. BUT HE BELIEVED THE BRAZILIAN AND CUBAN DELEGATIONS IN LONDON WOULD QUICKLY ESTABLISH DIRECT CONTACT AND RESOLVE MOST OF THE PROBLEMS CREATED BY BRAZIL'S ABSENCE IN HAVANA. "OF COURSE," HE SAID, THERE WOULD STILL REMAIN THE

SERIOUS PROBLEM OF DIFFERING SUBSTANTIVE POSITIONS (I.E., BRAZIL DESIRES THAT ISA EXPORT SHARES DEPEND PRINCIPALLY ON PRODUCTION IN A BASE PERIOD; CUBA HOPES FOR FLEXIBILITY WITHIN THE PERIOD COVERED BY THE ISA SO THAT CUBA COULD ADJUST ITS FREE-WORLD EXPORTS ON A YEAR-TO-YEAR BASIS DEPENDING ON THE UNPREDICTABLE RUSSIAN SUGAR DEFICIT, FOR WHICH CUBA IS FORCED TO COMPENSATE EACH YEAR).

5. SUGAR ACT. DAUSTER SAID AMBASSADOR PINHEIRO HAD LUNCH RECENTLY WITH CONGRESSMAN POAGE AND SEVERAL OTHER MEMBERS OF THE HOUSE AGRICULTURE COMMITTEE, AND THE AMBASSADOR HAD COME AWAY WITH THE IMPRESSION THAT A NEW SUGAR ACT IS ALMOST INEVITABLE. IF A DEMOCRATIC ADMINISTRATION WERE TO ASSUME POWER, A NEW ACT WOULD BE MORE LIKELY, DAUSTER SPECULATED. CURRENT PRICES RECEIVED BY U.S. PRODUCERS (10-11 CENTS PER POUND) WERE SO LOW, DAUSTER EXPLAINED, THAT U.S. PRODUCERS WOULD PUSH HARD FOR A NEW ACT. ON THE OTHER HAND, HE OBSERVED, THE POLITICAL SCENE IN THE U.S. IS COMPLEX, WITH VARYING POSITIONS BEING HELD BY PRESSURE GROUPS REPRESENTING CONSUMERS, REFINERS, INDUSTRIAL CONSUMERS, AND HIGH FRUCTOSE CORN SYRUP PRODUCERS. DAUSTER SPECULATED THAT NOT UNTIL THE NEW ADMINISTRATION HAD BEEN IN OFFICE FOR PERHAPS SIX MONTHS WOULD THE CHANCES FOR AN ACT BECOME CLARIFIED, AND PROBABLY NOT UNTIL THEN COULD PRODUCING COUNTRIES MAKE REAL PROGRESS IN DECIDING WHETHER TO TRY TO NEGOTIATE A NEW ISA.

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PAGE 01 BRASIL 07372 02 OF 02 232011Z

64

ACTION EB-07

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R 231930Z AUG 76
FM AMEMBASSY BRASILIA
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INFO AMEMBASSY BRIDGETOWN
AMEMBASSY LA PAZ
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AMEMBASSY CARACAS
AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 7372

E.O. 11652: GDS
TAGS: EPAP, PFOR, BR
SUBJECT: SUGAR--BRAZILIAN VIEWS ON GEPLACEA MEETING IN
HAVANA; ISA: NEW U.S. SUGAR ACT

6. INTERNATIONAL SUGAR AGREEMENT (ISA) AND
SUGAR ACT. DAUSTER SAID HE COULD NOT BE SURE
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PAGE 02 BRASIL 07372 02 OF 02 232011Z

WHETHER BRAZIL WOULD PREFER A NEW SUGAR ACT OR
AN ISA, UNTIL BRAZIL SAW WHAT IT COULD GET FROM
THE SUGAR ACT. BASED ON THE FACT THAT IN 1974
BRAZIL HAD AN EXPORTABLE SURPLUS OF 3 MILLION
TONS AND HAD SOUGHT A SUGAR ACT QUOTA OF ONE
MILLION TONS, BRAZIL PROBABLY WOULD SEEK, DAUSTER
THOUGHT, A QUOTA OF ONE-MILLION-PLUS TONS IN A
NEW ACT, BASED UPON THE EXPECTATION OF AN
EXPORTABLE SURPLUS IN 1980 OF ABOUT 4 MILLION
TONS. DAUSTER SAID THE PREFERABLE SOLUTIONN
IF HE HAD TO CHOOSE TODAY, MIGHT BE AN ISA,
BECAUSE THIS WOULD FORCE THE U.S. TO TAKE AN
INTEREST IN THE WORKINGS OF THE INTERNATIONAL
SUGAR MARKET.

7. COMMENT: AT THIS POINT, IN THE EMBASSY'S
JUDGMENT, THE BRAZILIAN MILITARY WOULD, AT
MINIMUM, BE RELUCTANT TO LET A GOB DELEGATION

GO TO HAVANA, EVEN FOR A TECHNICAL MEETING.
WHILE THE PRECEDENT PROBABLY WOULD BE THE
MILITARY'S MAJOR CONCERN, THERE MIGHT ALSO
EMERGE A FEAR THAT CASTRO WOULD SEEK TO TAKE
POLITICAL ADVANTAGE OF THE OCCASION (AS, APPARENTLY,
DID GENERAL TORRIJOS AT THE PANAMA CITY SESSION
IN JUNE; REF C). WE WOULD GUESS THAT THE FOREIGN
MINISTRY, BARRING CUBAN MISADVENTURES ELSEWHERE
IN THE MEANTIME, AND CITING BRAZIL'S COMMERICAL
AND FOREIGN POLICY INTERESTS IN PRODUCER UNITY,
WOULD FAVOR SENDING A DELEGATION. IF THE MILITARY
IS OPPOSED RATHER THAN JUST RELUCTANT, HOWEVER,
WE ARE UNSURE WHAT STANCE THE FOREIGN MINISTRY
WOULD TAKE. IT MIGHT NOT TRY TO PUSH TOO HARD
FOR TWO REASONS: (A) DIRECT CONTACTS BETWEEN
THE CUBAN AND BRAZILIAN DELEGATIONS IN LONDON
IN APRIL MIGHT QUICKLY COMPENSATE FOR BRAZIL'S ABSENCE IN
HAVANA, AND (B) THE FOREIGN MINISTRY HAS OTHER, BIGGER POLICY
CONCERNS FOR WHICH MILITARY SUPPORT IS NEEDED.
WE CAUTION, HOWEVER, THAT THESE JUDGMENTS ARE VERY PRELIMINARY IN
VIEW OF THE ABSENCE OF BETTER FACTUAL INDICATIONS OF GOB
INTENTIONS.
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PAGE 03 BRASIL 07372 02 OF 02 232011Z

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